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# **A Best Practice Model for Improving Management and Performance of DOE Labs**

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# **Best Practice Model Elements**

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## ■ **Corporate Impact and Value**

- An expectation of high added corporate value to DOE

## ■ **Value-Added Lab Support Systems**

- Support systems that enable and enhance S&T missions

## ■ **Clear Lines of Accountability**

- From the DOE Secretary to each Laboratory worker

## ■ **Best Industry Practices and Operations**

- Industrial standards and proven management systems

## ■ **Portfolio Excellence through PBM**

- PBM processes to drive and sustain excellence in science, operations/ES&H and community service



# **Corporate Impact and Value**

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## **■ Corporate Commitment and Leadership**

- DOE should expect, and receive, high value-added corporate leadership, commitment and investment that draws upon the contractor's total resources, experience and personnel to advance the DOE mission objectives
- Optimize coordination, integration and exchange of programs, personnel, management systems, support services and commercialization initiatives at multiple Labs

## **■ Corporate Oversight**

- Conducted by Corporate Officers and outside experts
- Assures the necessary resources, personnel and management systems are provided to the Lab Director
- Assures Lab performance, as expected by DOE and Corporate, through independent oversight activities

# **Value-Added Support Systems**

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## ■ **Value Chain Analysis for Each Support System and Activity Therein**

- Conducted routinely by DOE and Lab management
- Investment priorities determined using defined and agreed-upon value that is added to mission success
- Necessity for each activity must be demonstrated
- All products, services and delivery mechanisms formally evaluated for effectiveness and efficiency with needed modifications driven by PBM processes



# **Clear Lines of Accountability**

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## ■ **A “Steward” for Each Lab**

- A single, DOE line manager with overall responsibility for long-term stewardship of each assigned Lab
- Provides overall strategic direction and assures an appropriate balance of assigned missions, funding and support personnel for each assigned Lab
- Has authority to reconcile multiple and often conflicting demands on each assigned Lab

## ■ **A “Chief Operations Officer” for Each Lab**

- A single, DOE line manager with overall responsibility for integrating all aspects of Lab operations and support systems of each assigned Lab
- Provides support to the cognizant DOE “Stewards”

# **Clear Lines of Accountability**

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## ■ **Lab Direction Codified in PBM Plans**

- Established with each customer set and approved by the DOE Steward and/or Chief Operations Officer
- Reinforced by individual performance plans and R2A2s for all cognizant DOE and contractor personnel

## ■ **DOE Site Offices Dedicated to Mission Accomplishment**

- Supports the cognizant DOE Steward and COO
- Staffed and/or matrixed to handle all delegated functions
- Primary activities are to support mission accomplishment, participate in PBM processes, and evaluate contractor performance in assigned areas



# **Industry Standards and Practices**

## **■ Applicable Federal, State and Local Laws Incorporated into the Contract “As Is”**

- Use industry standards to the greatest extent possible with no DOE additions or guidance
- Compliance monitored exclusively by designated DOE entities and/or cognizant external regulators

## **■ Phased Transition to External Regulation**

- Near-term transition to external requirements - industrial standards - with continued DOE compliance monitoring
- Subsequent transition to full external regulation, with longer transition schedules for defense nuclear, safeguards and security, and bio-surety missions

# **Industry Standards and Practices**

- **Performance Expectations Not in Federal or State Laws Addressed through PBM**
  - Outcome oriented performance objectives and measures developed jointly by DOE and the contractor
- **No “How To” DOE Orders, Guidance, etc., in the Contract**
  - Expect contractors to demonstrate use of best industry standards, practices and management systems
  - Includes functions and systems related to human resources, administration, management, etc.



# **Industry Standards and Practices**

- **Stewardship of DOE Assets Assured by Best Industry Practices and Systems reinforced by PBM Processes**
  - Developed and implemented by the contractor
  - Verified by peer reviews, 3<sup>rd</sup> party processes, or DOE
  - Overseen periodically by DOE-OA, EH-10, GAO, etc
  - Monitored continuously by contractor self-assessments
  - Contractor systems (e.g., ISM, VPP, ISO, etc.), not transactions, observed and verified by DOE Field entities with needed changes addressed through PBM processes
  - Balanced priorities and graded approaches based on risks and impacts

# **Mission Excellence through PBM**

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## ■ **The Principle of Simultaneous Excellence**

- A balanced portfolio of performance excellence in science and technology, operations/ES&H and community service

## ■ **Results-Oriented Strategic Focus**

- Critical outcomes, underlying objectives, and associated performance measures of highest strategic impact developed in full partnership with all Lab customers
- Fully integrated with the strategic planning process

## ■ **Comprehensive and Credible Contractor Self-Evaluation Processes**

- Formal, annual self-evaluations of all PBM results
- Ongoing self-assessments of organizations and programs



# **Mission Excellence through PBM**

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- **Performance Ratings and Rewards Tied Directly to PBM Process Results**
  - Overall performance rating and rewards intimately connected
  - All contractor rewards (including fees) at risk
- **Contractor Rewards Commensurate with Strategic Value Delivered to DOE**
  - Value jointly determined by DOE and contractor
- **Contractor Rewards Commensurate with Risks Assumed**
  - Risks jointly determined by DOE and contractor

# **Mission Excellence through PBM**

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- **Long-term Contracts Based on Sustained High Levels of PBM Performance**
  - Provides tangible and objective evidence that contract extension is in the best interests of DOE
- **Contract termination for Unacceptable Levels of PBM Performance**
  - Consistent with the current accountability focus of DOE
- **Individual Performance Expectations Tied Directly to Assigned PBM Responsibility**
  - For both contractor and DOE key personnel
  - Lab Directors and DOE Stewards held personally responsible and accountable for PBM results